



## “Holiday Loan” and Tax Prep Scams Not In Spirit of Season

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MADISON – There are many legitimate tax preparation services and lenders who help consumers file tax returns and obtain loans. Others, however, may hide their true purpose and get personal financial information under false premises or file a customer’s tax return without consent and keep all or part of any refund. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) asks for help from the public to be on the lookout for questionable tax and loan practices and to report any suspicious activity to the agency.

“We will take quick action against fraudulent tax preparation businesses,” said Sandy Chalmers, Division Administrator for Trade and Consumer Protection. “If you see questionable practices, give us a call or file a complaint.”

In a version of a tax and loan scam seen over the past couple of years, consumers who apply for a short-term loan at a tax preparation business are surprised to learn that the company has filed a return on their behalf without their consent. In 2012, the Wisconsin Department of Justice took legal action against All Star Tax Service, a Milwaukee-based business, for providing loans to consumers and then filing their taxes without permission and taking exorbitant fees from the tax refunds.

Here are some tips to avoid becoming the victim of tax preparation fraud:

- Be alert to promotions such as “holiday loans” or other short-term loans that can be used to gain the personal financial information needed to file an individual’s tax return.
- Be careful providing personal financial information to a business unless you want the preparer to file your taxes. Make sure you provide clear direction and that the company specifically advises you on whether they intend to file your tax return.
- Never sign an authorization permitting a company to file your taxes if you do not want the company to do so.
- Never sign a document without first reading and understanding what it says.
- Always insist upon receiving copies of all documents you are required to sign or which identify the terms of a transaction and the charges you will be required to pay. Confirm, before signing, that you will receive copies. If a business does not agree to provide copies, don’t sign.

Anyone suspecting fraudulent activity is encouraged to file a complaint with DATCP. Complaints can be filed online through the DATCP website (<http://datcp.wi.gov>) or a complaint form can be requested by calling the state’s Consumer Protection Hotline at 800-422-7128.

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